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 C O N F I D E N T I A L STATE 173912

E.O. 12065: GDS 6/21/88 (BURT, RICHARD R.)
 TAGS: PEPR, PINS, PINT, GE
 SUBJECT;
 DISCUSS LEBANON; SANCTIONS; AND HAIG-GROMYKO MEETING,
 JUNE 21, 1982

1. CONFIDENTIAL - ENTIRE TEXT.

2. SUMMARY: FRG AMBASSADOR PETER HERMES CALLED ON
 UNDER SECRETARY FOR POLITICAL AFFAIRS, LAWRENCE S.
 EAGLEBURGER, JUNE 21 TO DISCUSS STATUS OF LEBANON,
 EXPANSION OF US SANCTIONS AGAINST THE SOVIET UNION, AND
 HAIG-GROMYKO MEETING IN NEW YORK. EAGLEBURGER BRIEFED
 HIM ON US OBJECTIVES IN LEBANON AND DISCUSSED THE
 EXTENSION OF US SANCTIONS IN THE WAKE OF IMPOSITION OF
 MARTIAL LAW IN POLAND. END SUMMARY.

3. LEBANON: FRG AMBASSADOR HERMES SOUGHT TO DETERMINE
 US OBJECTIVES AND NEXT STEPS TO RESTORE PEACE AND
 STABILITY IN LEBANON. SPECIFICALLY, HE QUESTIONED
 WHETHER THE US WOULD BE PURSUING A UNIFIL TYPE
 ORGANIZATION OR WOULD BE SEEKING TO ESTABLISH A
 PEACEKEEPING FORCE OUTSIDE THE UN STRUCTURE. HE ALSO

WAS INTERESTED IN DETERMINING WHETHER THE US WOULD BE
 PURSUING AN INTERNATIONAL CONFERENCE TO RESTORE
 SOVEREIGNTY TO AND GUARANTEE THE WITHDRAWAL OF ALL
 FOREIGN TROOPS FROM LEBANON. EAGLEBURGER REGRETTED THE
 REOCCURRENCE OF FIGHTING IN LEBANON AND TOLD HERMES
 THAT WE MUST NOW SEIZE THIS OPPORTUNITY TO RESTORE
 SOVEREIGNTY AND INDEPENDENCE TO LEBANON. HE EXPLAINED
 THAT US OBJECTIVES ARE TO SUPPORT THE ESTABLISHMENT OF
 A SOVEREIGN GOVERNMENT IN LEBANON AND PURSUE THE
 WITHDRAWAL OF ALL FOREIGN FORCES FROM THE COUNTRY. HE
 NOTED THAT THE STATUS OF THE PLO AS WELL AS THE
 CONTINUING PALESTINIAN POPULATION IN LEBANON WOULD
 REMAIN THE MOST DIFFICULT ISSUES TO OVERCOME IN
 REESTABLISHING LEBANON'S INDEPENDENCE. EAGLEBURGER
 HOPED FOR A CEASE FIRE AND PRAISED THE EFFORTS OF
 AMBASSADOR HABIB TO REACH A SETTLEMENT BETWEEN THE
 PARTIES INVOLVED. EAGLEBURGER NOTED THAT THE US HAS
 ESSENTIALLY THREE OPTIONS IN DEVELOPING A PEACEKEEPING
 FORCE: (1) UNIFIL, (2) AN MFO-TYPE ORGANIZATION, OR
 (3) MFO WITH US PARTICIPATION.

4. HAIG-GROMYKO MEETING: HERMES WAS INTERESTED IN TWO

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POINTS IN THE HAIG-GROMYKO MEETING. (1) PRESS ACCOUNTS OF THE SOVIET MISSILE TESTS WHICH HERMES DESCRIBED AS ALARMING. HERMES REQUESTED A BRIEFING OF THE NAC TO KEEP NATO FULLY INFORMED. HE WAS ALSO INTERESTED IN DETERMINING WHETHER THERE WERE ANY COMMITMENTS MADE ON A US-USSR SUMMIT. EAGLEBURGER AGREED TO BRIEF THE NAC ON THE SOVIET MISSILE LAUNCHES. AS REGARDS THE SUMMIT, EAGLEBURGER NOTED THAT NO COMMITMENT HAD BEEN MADE BY EITHER SIDE TO A SUMMIT MEETING.

5. SANCTIONS: HERMES SAID THE FRG GOVERNMENT IS EXTREMELY DISPPPOINTED WITH THE PRESIDENT'S DECISION TO EXTEND SANCTIONS. HOWEVER, HE NOTED THE FRG CABINET WILL NOT GO PUBLIC IN CONDEMNING OR CRITICISING THIS ACTION. HE WAS VERY INTERESTED IN DETERMING WHETHER AND TO WHAT EXTENT THE PRESIDENT'S DECISION INCLUDED SUBSIDIARIES AND LICENSEES OVERSEAS. EAGLEBURGER-REPLIED THAT THE PRESIDENT'S DECISION DOES INCLUDE SUBSIDIARIES AND LICENSEES AND APPLIES TO EXISTING CONTRACTS, THE EXPORT OF PRODUCTS AND THE TRANSFER OF TECHNOLOGY. CONSEQUENTLY, NOT ONLY DOES THE DECISION PROHIBIT THE EXPORT OF ROTORS FOR TURBINES FOR THE PIPELINE BUT WOULD ALSO PROHIBIT ALSTHOM-ATLANTIQUE FROM PRODUCING ROTORS UNDER GE LICENSE. EAGLEBURGER NOTED THAT THE REGULATIONS ARE BEING DRAFTED NOW AND SPECIFICS AND DETAILS WILL NOT BE KNOWN UNTIL THE REGULATIONS ARE PUBLISHED.

6. HERMES WAS CONCERNED THAT THE PRESIDENT'S DECISION ON SANCTIONS WOULD HAVE FAR-REACHING EFFECTS. THIS WOULD BE ESPECIALLY TRUE IF THERE IS A NEW PRINCIPLE ESTABLISHED THAT NATIONS CAN EXTEND NATIONAL LAND TO CONTROL THE ACTIVITIES OF SUBSIDIARIES AND LICENSEES LOCATED IN FOREIGN COUNTRIES. THE OVERRIDING EFFECT OF SUCH A PRINCIPLE WOULD BE TO JEOPARDIZE INTERNATIONAL TRADE AND INVESTMENT. HERMES HOPED THAT AN EFFORT COULD BE MADE QUICKLY TO UNDERTAKE SOME ACTION TO LIMIT THE IMMEDIATE DAMAGE CAUSED BY THIS DECISION. HE NOTED THAT IT WOULD LIKELY BE A FATAL BLOW TO AEG-KANIS BUT WAS MORE CONCERNED THAT THE ISSUE NOT BECOME AN INTERNATIONAL DISPUTE CARRIED ON IN THE PUBLIC REALM. HAIG
END OF MESSAGE

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